

Relative to the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS).

New law provides that an "initial benefit option" is available to members who, upon retirement, have not participated in DROP and who selected either the maximum benefit or the actuarial equivalent in a reduced monthly benefit payable for life with the designated beneficiary receiving a lifetime benefit thereafter. Provides that if the initial benefit option is selected, the member shall be ineligible to participate in DROP.

New law provides that if the initial benefit option is selected, the member may receive an initial benefit plus a reduced monthly retirement allowance, provided the initial benefit together with the reduced monthly retirement allowance shall equal the actuarially equivalent amount of his maximum retirement allowance.

New law provides that the initial benefit, as determined by the member, shall not exceed an amount equal to 36 payments of the member's maximum retirement allowance.

New law provides that at the option of the member, the initial benefit shall be paid as a lump-sum payment or shall be placed in an account called an initial benefit account, established in accordance with same procedures used in the DROP plan, with interest credited thereto and monthly payments made from the account in accordance therewith.

New law provides that the monthly retirement benefit received by the retiree and the beneficiary or survivor shall be based on the amount otherwise payable under the retirement option selected by the member, which shall be actuarially reduced by a prorated amount calculated to offset the cost of the initial benefit payment. New law provides that if a change in option selection is allowed, the monthly benefit payable under those provisions shall be actuarially reduced by a prorated amount calculated to offset the cost of the initial benefit payment.

New law provides that a person who retires on disability retirement may not select the initial benefit option.

New law provides that COLAs granted by the board of trustees to retirees who select the initial benefit option shall be computed on the basis of each retiree's regular monthly retirement benefit or on the basis of each beneficiary or survivor's benefit based on the option selected as reduced and shall not be computed on the initial benefit received either as a lump sum or in monthly payments.

Effective upon signature of governor (June 16, 1999).

(Adds R.S. 11:2224(F) and 2259(C))